

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – APRIL 20, 2005

PRESENT: Chairman Anthony Maiola and Commissioner John Byrne; John Bunnell, Administrator of Marketing & Sales; Aidan Moore, Chief of Enforcement; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; Evie Taft, Human Resources Administrator; Thomas Chagnon, Assistant Director of Information Technology; Doreen Wittenberg, Business Supervisor, Administrative Services. **Guests:** Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouse.

EXCUSED: Commissioner Patricia Russell; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; George Tsiopras, Chief Financial Officer.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. **Financial Reports:** No report presented.
2. **IT Report**

IT met with OIT yesterday to discuss the IP address renumbering project due to be completed by May 31st. There was also discussion about replacing our current network switches with a more robust, redundant Cisco network switching device. OIT is to be making a recommendation to Howard in the next week or so.

The new McAfee VirusScan Enterprise version has been loaded on all desktops and servers within headquarters and Enforcement. These are the latest McAfee anti-virus products that are available. Stores and laptops are scheduled to have these products installed next.

The Request for Bid process is well underway for the liquor store POS Equipment Support Contract. So far CVCSI and NETS look like they will be bidding on the contract. The bid opening date is May 12th, and the contract award date is to occur not long after. This will allow for a contract start date of July 1, 2005 for a term of two years.

The warehouse computer room has been totally cleared out of computer equipment, and the drywall is being replaced in the Maintenance department. The mold problem was only found below the AC unit on the wall. Thermal Stor will hopefully be in this week to remount the AC unit, and then Maintenance will be installing older store shelving on the walls for computer equipment storage.

POS equipment for Store #12 Center Harbor is built and is being tested. The FRAD line is to be installed by Thursday, April 21st. The Maintenance

department has delivered the FRAD box and telephone to the store so the FRAD circuit can be tested once Verizon has installed it.

Mike Goclawski reported working with OIT to allow the server at Law to connect with their server, which would provide back-up for all communications. If stable, this will become the primary method of communication.

3) Human Resources Report

The United Way kick-off campaign for the year will be held on May 2nd.

Craig and Evie will attend a meeting on sub-unit SEA negotiations this afternoon.

II. MARKETING & SALES REPORTS

1. Store Operations

A. Recommendation for Hours of Operation, Store #12, Center Harbor:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that this item be tabled and brought back next week with revised recommendations for hours of operation for Store #12, Center Harbor. The motion was unanimously adopted.

(This item was re-submitted later in the day on April 20, 2005): It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve revised recommended hours of operation for Store #12, Center Harbor, as recommended by Peter Engel, Director of Store Operations, as follows: Monday through Thursday 9:00 a.m. to 7:00 p.m.; Friday 9:00 a.m. to 9:00 p.m.; Saturday 9:00 a.m. to 8:00 p.m.; Sunday 9:00 a.m. to 6:00 p.m. The motion was unanimously adopted.

Total store sales for the week ending 4/17/05 increased by 4.31% or \$192,228.33. Peter commented that Store #28, Seabrook Beach, which just reopened for the season, accomplished \$9,200 in sales.

A Supervisor/Manager's meeting took place yesterday at headquarters. Changes will be made to the hand held inventory devices to expand usage.

Peter had several conversations when he visited Berlin last week regarding potential new sites. Meanwhile, work on the Center Harbor store is moving along as planned and will hopefully be ready to be opened at the beginning of May. The only problem at this time is with installation of the front entry door.

2. Purchasing Report

There are no significant issues regarding out-of-stocks at this time. Product availability appears to be in very good shape.

However, there has been some adverse feedback from the field regarding customer confusion concerning sales. Marketing will attempt to alleviate problems with the brokers. Commissioner Byrne remarked that sales could be reduced to perhaps six times per year, rather than conducting them every month.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Malibu Passion Fruit Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Spirits USA for a new test market listing for Malibu Passion Fruit Rum, 750ML size (assigned new Code #5731), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Result (Codes #5306, #5310 & #3927):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission delist Code #5306, Jagos Vanilla Cream, 750ML, as it failed to meet gross profit requirements at the conclusion of a six-month test market period, and grant specialty listings for Code #5310, Aqua Perfect Raspberry, 375ML and Code #3927, Triple Eight Vodka, 750ML, each of which earned their respective gross profits required for specialty item consideration at the end of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Recommended Price Reduction Delisted Products:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve further sale price reductions to assist in depleting remaining inventory of Code #3493, Skyy Spiced Vodka, 750ML

and Code #4435, Admiral Nelson Raspberry Rum, 1.75L size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) One Time Buy Request (Sauza Margarita Kit):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an offer from Horizon Beverage Company/ Allied Domecq Spirits USA, for the Commission to make a one-time purchase of the Sauza Blanco “Red Blanco & Blue Margarita Kit” (assigned new Code #232), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) June Special Offers:

a. 7 unmatched items – M.S. Walker, N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from M.S. Walker, N.H., based upon depletions, without matching state funds, for seven (7) spirit items, to be featured on sale during June 2005, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 3 additional items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve additional special offers from Horizon Beverage Company, based upon special purchase allowances for three (3) spirit items, to be featured on sale during June 2005, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 192 items – United Beverages, Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from United Beverages, Inc., based upon special purchase allowances for one hundred eighty-three (183) spirit items, to be featured on sale during June 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, and table nine (9) special offers pending further negotiations with the broker. The motion was unanimously adopted.

- d. 48 unmatched items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from United Beverages, Inc., based upon depletions, without matching state funds, for forty-eight (48) spirit items, to be featured on sale during June 2005, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

- 1) Special Offers for June 2005:

- a. 54 items – M.S. Walker, N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from M.S. Walker, N.H., based upon depletions/special purchase allowances for fifty-four (54) wine items, to be featured on sale during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 4 items – R.P. Imports:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from R.P. Imports, based upon depletions/special purchase allowances for four (4) wine items, to be featured on sale during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 55 items – E & J Gallo Winery:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from E & J Gallo Winery, based upon depletions for fifty-five (55) wine items, to be featured on sale during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 144 items – United Beverages, Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from United Beverages, Inc., based upon depletions/special purchase allowances for one hundred forty-four (144) wine items, to be featured on sale during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Store Tastings (Global Wines):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Global Wines, Ltd. to conduct a wine tasting in conjunction with the promotion of seven (7) wine codes on Thursday, April 28, 2005 from 4:30 p.m. to 7:30 p.m. at Store #69, Nashua, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Vincent Girardin 2003 Burgundy Order:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an offer from Martignetti Companies of N.H./Vineyard Brands for the Commission to order seventeen (17) Vincent Girardin 2003 Burgundy products, to arrive in late 2005 or early 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Toasted Head Red:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an offer from United Beverages, Inc. for the Commission to purchase and distribute Code #41829, RH Phillips Toasted Head Red, 750ML, to be featured on sale during June and July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Close Outs:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission table the close out pricing for two (2) wine codes, pending broker response to affidavit of these products, as recommended by

Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 5) Primary Source Submissions (11 primary source; 4 exclusive agent; 51 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the listing of eleven (11) wine codes which are from primary source, four (4) wine codes which are offered by the exclusive marketing agent and fifty-one (51) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report presented.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve all previously reviewed requests for bailment releases/transfers dated April 14 through April 20, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.
3. Late Items/Other: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

/D. Hartford

